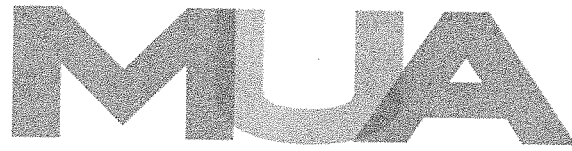


The
Management
University
of Africa



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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP/ BACHELOR
OF COMMERCE

PSM 201/ BCM 216:

PURCHASING AND SUPPLIES MANAGEMENT

DATE:

10TH APRIL 2017

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. DO NOT write on this question paper.
3. This paper contains SIX (6) questions.
4. Question ONE is compulsory.
5. Answer any other THREE questions.
6. Question one carries 25 MARKS and the rest carry 15 MARKS each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

CONFABS MANAGEMENT CONSULTING (CMC)

Confabs Management Consulting (CMC) helps their clients to identify increases in efficiency in the procurement process and to successfully implement them. The goal of all measures is to significantly and sustainably optimise costs through a bottom-up approach. This sustainability approach is the decisive characteristic of CMC: In place of ad-hoc cost reductions, we provide solutions which have been carefully created and coordinated with the client that will be effective over the long term. Transparency and efficiency are of the utmost importance to us.

The optimisation of material costs is made in the three main blocks of the identification of requirements, purchasing and consumption at the company. The interplay of these areas is necessary for sustainable procurement optimisation.

Following the initial analysis the focus of our work is on developing clearly defined and sustainable cost optimisation initiatives. It is highly recommended that the procurement and finance departments work together on devising the initiatives and then sign off the achieved savings. As employees of these two departments will be responsible for implementing the bulk of the initiatives it is key that there is abroad consensus about savings potential and implementation timescales.

Even the best set of initiatives is worthless if they are not implemented properly and their success is not measured transparently. That is why pay utmost attention to making sure our initiatives can be implemented easily. Moreover, we have developed an easy-to-use initiative tracking tool (Link). This tool will given to you as part of a cost optimization programme so you are able to efficiently track initiatives

from our project (and indeed subsequently any other project).

Required:

a) Using the case study, discuss the following concepts in relation to the procurement cost management.

- i) Cost analysis (5 marks)
- ii) Price analysis (5 marks)
- iii) E-commerce (5 marks)

b) Interdepartmental relationships within the organization are essential for the attainment of the organizational performance and the overall performance and profitability. Critically evaluate the relationships between the following departments with purchasing department.

- i) Purchasing and finance/accounts department.
- ii) Purchasing and design department.
- iii) Purchasing and production/user department.
- iv) Purchasing and human resources department.
- v) Purchasing and marketing department. (10 marks)

QUESTION TWO

Single Sourcing is the use of a non-competitive procurement process to acquire goods, services or construction from a specific supplier even though there may be more than one supplier capable of delivering the same goods, services or construction. Discuss the circumstances which may lead to this procurement method. (15 marks)

QUESTION THREE

Supplier development can be loosely defined as the process of working collaboratively with suppliers to improve or expand their capabilities. Discuss the causes of supplier development failure. (15 marks)

QUESTION FOUR

A distinguishing characteristic of a profession is that practitioners combine ethical standards with the performance of technical skills. Supply management

professionals must subscribe to a set of ethical principles and standards to guide individual and group decisions and actions. Outline the areas of interest which the procurement professional should consider dealing with ethics in the profession.

(15 marks)

QUESTION FIVE

You have been engaged as a procurement consultant by a firm to look at the pricing processes and the overall minimization of total acquisition cost. Outline how you will tackle this issue.

(15 marks)

QUESTION SIX

Discuss the major fraud related incidences found in procurement today and suggest ways to eradicate this vice.

(15 Marks)